C5750-2

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More women shopping for condoms—p. 13

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N.Y. pharmacists oppose script plan—p. 23

DRUG STORE NEWS®

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Dart Group eyes Safeway as buyout catch

Analysts speculate on Haft strategy

By Dave Vaczek

OAKLAND, Calif. — The Dart Group has tagged another reluctant giant.

With the announcement that it has purchased a 5.9% share in Safeway Stores Inc. and is mulling a buyout bid, Dart once again positioned itself to make a handsome profit by declaring an interest in a hostile takeover.

The audacity of the Landover, Md.-based retailer's proposal to take the helm of the country's largest food store chain heightened speculation about the business strategy of the Haft family, Dart Group's owners.

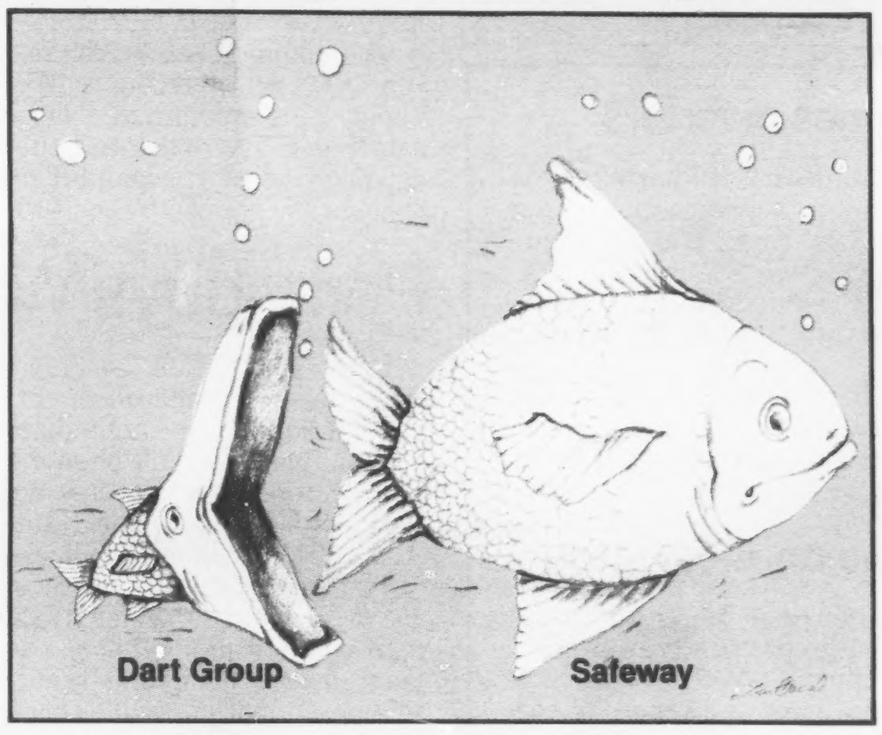
Dart has said it wants a new retail anchor to complement its current businesses: Crown Books, the national discount book store chain; Trak Auto auto parts; and its real estate holdings.

5 runs, 1 takeover

But analysts noted that Dart's hyperactive investment initiatives over the last year have resulted in runs on five companies, with a single takeover.

Instead, the former owner of the Dart Drug chain has gar-

See ***Dart,*** *page 30*



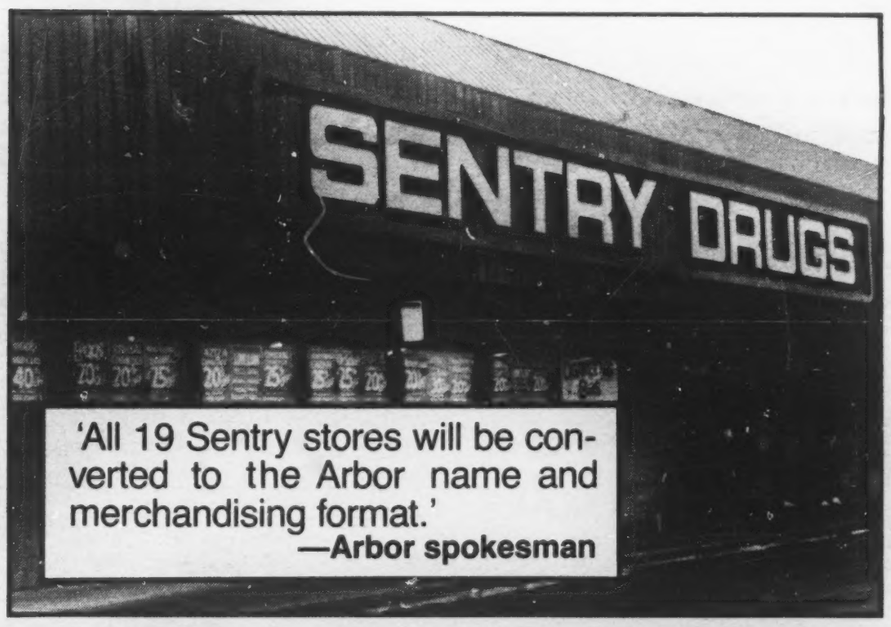
Safeway reacts

Safeway clearly signalled its displeasure with the Hafts' plans.

Already bristling with an arsenal of bylaws intended to thwart a hostile change, the company retaliated with a lawsuit charging Dart with failing to disclose that its real purpose is greenmail. and not an acquisition.

The complaint, filed in U.S. District Court in San Francisco, further claimed that the raider had illegally engaged in insider trading, a charge that analysts said should be a serious concern in the current climate on Wall Street of scruti-

See ***Safeway,*** *page 30*



Sentry buyout caps Arbor growth drive

By Al Heller

TROY, Mich. — Arbor Drugs plans to make a competitor vanish from its southeastern Michigan home turf by buying it.

Arbor's pact to acquire 19-store Sentry Drug Stores for $14 million to $14.75 million, depending on inventory, comes just two months after a public stock offering that brought Arbor approximately that same amount of cash to fund expansion in this state and the Carolinas.

It also follows a sizzling 35-month period in which Arbor opened 21 stores and raised its total at presstime to 51.

However, the all-cash acquisition, due to be concluded by mid-October, won't affect plans outlined in Arbor's stock prospectus to add 8 to 10 new drug stores within existing territories from Detroit to Flint and Ann Arbor, a company spokesman said.

See ***Arbor,*** *page 30*

'But not this year,' says Skaggs

American to re-enter Fla. market

PARK CITY, Utah —American Stores will return to the Florida market—but not this year, chairman L. S. (Sam) Skaggs, told *Drug Store News* after the annual shareholders' meeting.

Skaggs would not say if the stores will be freestanding Osco drug stores or Skaggs-Alpha Beta food/drug combos, but combos dominate parts of the Sunshine State, and that's what industry observers are betting on.

They're also betting that Skaggs will seek a tit-for-tat tilt with Albertson's, which marched into Dallas a year-and-a-half ago to compete against its former partner.

Together in the 1970's, the retailers had scored strongly by launching Skaggs-Albertson's combos in the Southwest and Southeast.

When the partnership dissolved, the stores were divided: Albertson's took over the Florida combos, and Skaggs got Texas.

Meeting highlights

In other highlights of the meeting last month:

- Sav-On, the last of American's drug divisions to convert to Osco in American's quest for a national drug chain, will be renamed Sav-On-Osco later this year.

American is keeping the Sav-On nameplate, for its "excellent consumer recognition," said Skaggs. Sav-On has been a major factor in southern California drug retailing for four decades.

American does not plan to open downsized stores similar to Pay Less' Key Drug and Thrifty's Jrs., a top-ranking American exec told *Drug Store News*. "We now open Oscos as small as 20,000 sq. ft., and this enables us to operate in cities which cannot support superdrug stores."

- The stockholders approved a proposal to increase the number of authorized shares of common stock from 50 million to 100 million shares.

In its proxy statement, the Board of Directors said the additional shares would be available for "proper corporate purposes." However, the investment community sees the move as a defensive response to unsolicited takeover bids. The board also noted that "it was not aware of any effort to obtain control of the company."

- American will open the first of the 38 new stores planned for this fiscal year in Great Falls, Mont., this summer. It will be a 69,000-sq.-ft. Buttrey food/drug combo. A second 69,000-sq.-ft. Great Falls combo will open later this year. Skaggs combos now range from 65,000 to 69,000 sq. ft.

See ***American,*** *page 30*

Teens give timely

0026934C DR
KEVIN KENDRICK 8
CONGRESSIONAL INFO SVC 156
4520 EAST WEST HWY STE 800 t
BESTHESDA MD 20814
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Bolger extends NACDS term

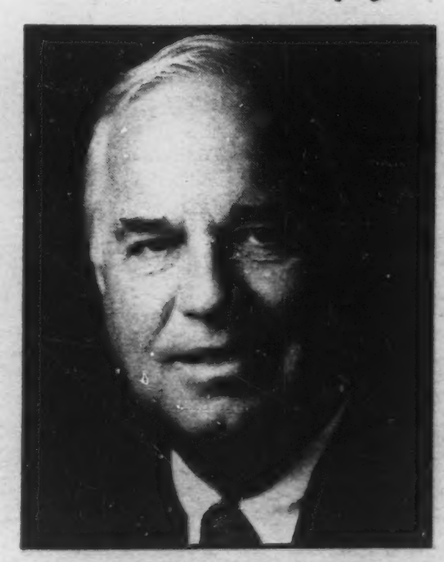
ALEXANDRIA, Va. — NACDS president Robert J. Bolger has agreed to stay in his post until 1989, delaying his planned retirement for more than a year.

His decision to stay will make a "smooth transition" easier, as NACDS periodically reviews candidates. "We hadn't yet hired a search firm, when Bob said he'd stay," an NACDS spokesman said.

"Our industry will be fortunate to have Bob leading the Association for several more years," said NACDS and Rite Aid chairman Alex Grass.

Bolger, considered a popular figure in the industry, will oversee expanded NACDS efforts such as merchandise shows and broader-based membership rolls including supermarkets.

NACDS represents more than 178 retail drug chains operating about 18,500 pharmacies nationwide.



Robert J. Bolger

Bristol-Myers replaces capsules with caplets

Capsule recall follows 2 poisonings in Wash.

NEW YORK — Bristol-Myers will relaunch its over-the-counter medications in caplet form, following the withdrawal from the market of all its nonprescription capsules.

The company said caplets of Datril, Bufferin, and Excedrin pain relievers and Comtrex, a cold remedy, should be on the market by the end of this month. Caplets are coated tablets designed to be easier to swallow than regular tablets.

The recall followed the deaths of two people who were poisoned by cyanide-laced Extra-Strength Excedrin capsules, made by Bristol-Myers. The victims were both residents of Auburn, Wash.

90% use tablets

Bristol-Myers said that "more than 90% of consumers" uses its over-the-counter medications in tablet form. However, the company said that it recognizes "that there is a continuing demand by a substantial number of people for capsules." The New York-based health care company added that "as capsule sealing technology continues to improve, we will re-evaluate our decision."

Last year, Bristol-Myers earned $4.4 million on revenues of $863.7 million.

Analysts said that the withdrawal of its nonprescription capsules will not significantly affect the company's earnings. Altogether, the products in all forms account for about $225 million in sales, according to David Saks, a drug analyst with Morgan, Olmstead, Kennedy & Gardner in New York.

The biggest sales generator, Excedrin, accounts for about $100 million in sales, said Saks. He estimated the capsule line of the painkiller chalked up about 10% or $10 million of total Excedrin sales.

Cost of recall estimated

At presstime, Bristol-Myers had not announced the total cost of the recall, but analysts estimated it would cost the company between $25 million and $50 million, far less than the estimated $150 million Johnson & Johnson spent to recall Tylenol and its other nonprescription medications in capsule form and to relaunch the products in caplet form.

$1 million reward offered

The Proprietary Association, a consortium of over-the-counter manufacturers, is now offering a total of $1 million in reward money for information leading to the arrest of those responsible for tampering deaths since 1982.

The deaths in Washington bring to six the number of people who have died after taking painkiller capsules laced with cyanide. The first incident occurred in February, when a Peekskill, N.Y., woman died after taking an Extra-Strength Tylenol capsule. Johnson & Johnson, makers of Tylenol, withdrew from the market all of its OTC products in capsule form after the incident and replaced capsules with caplets, coated tablets designed to be easier to swallow than regular tablets.

2 deaths called suicides

Two capsule-related deaths this year are believed to be suicides. One of those deaths, 24-year-old Kenneth Wayne Faries, had been ruled a homicide after cyanide was discovered in capsules of Anacin-3 at his Austin, Tex., apartment. But the FDA concluded that the poison came from a university laboratory to which the victim had access, and ruled the death a suicide.

Amid the continuing attacks on capsules, some companies are reportedly looking at ways to restrict sales of OTC capsules, such as by putting the capsules behind the prescription counters in drug stores. Companies are also continuing to research new ways to package capsules so that they are more "tamper-resistant." But industry spokesmen emphasized that no product can be made tamper-proof.

April survey

A survey conducted in April of corporate executive by Strategic Information Research Corp., a subsidiary of the public relations firm Hill and Knowlton, concluded that 85% of the 101 consumer product company executives interviewed believed packaging cannot be made completely tamper-proof. Only 56% of those interviewed said their companies have a crisis communications plan or are in process of designing one in case of a tampering incident.

NEWS IN BRIEF

Ohio Rx board fines diverters

COLUMBUS, Ohio — The Ohio Board of Pharmacy has concluded its first round of diversion hearings by handing down 31 fines and penalties to 13 pharmacies and 18 pharmacists.

The fines and penalties assessed individual drug stores ranged from $500 to $25,000 and from 24 months probation to revocation of store license.

The fines and penalties for pharmacists involved in the diversion web ranged from $500 to $25,000 and a 24-month probation to a 12-month suspension of the pharmacy license.

Walgreens puts name on Medi Marts

DEERFIELD, Ill. — Walgreens has begun to inventory the 66 Medi Mart sites it acquired recently from Stop & Shop for an estimated $75 million.

The nation's No. 1 drug chain plans to change all the storefront names to Walgreens by Oct. 1, a company spokesman said. The executive added that all the stores will be equipped with its INTERCOM pharmacy computer system, and will be remodeled, including repainting, new employee uniforms and some layout reconfigurations, by that date.

In a separate matter, Standard & Poor's raised its rating of Walgreens senior notes to A+ from A, and the preliminary rating on $200 million of debt securities filed under a Rule 415 shelf registration to A+ from A.

The rating on Walgreens commercial paper is maintained at A1.

NHMA reschedules show

CHICAGO — The National Housewares Manufacturers Association has rescheduled its show dates "to better conform to buying patterns" of retailers.

Shows at McCormick Place will be: Jan. 10-13, 1988; Jan. 8-11, 1989; Jan. 7-10, 1990; Jan. 6-9, 1991; Jan. 12-15, 1992.

The two upcoming show dates remain the same, however, as Nov. 9-12, 1986 and April 5-8, 1987.

Perry buys Warehouse Way

PONTIAC, Mich. — Perry Drug Stores has bought seven Warehouse Way deep discount health & beauty aids stores in six Detroit suburbs for an undisclosed sum.

Final plans haven't been made yet for the 13,000- to 14,000-sq.-ft. stores, except they will become a mix of conventional Perry stores, Auto Works auto parts stores and deep discount A. L. Price drug stores, a spokesman said.

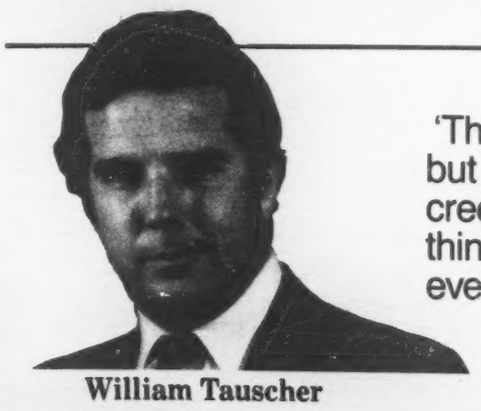
The buyout raises Perry's store count to 195 total, including 168 in Michigan, of which five are A. L. Price stores, the spokesman said. He added that the deal won't affect corporate plans to open 15 drug stores and 35 auto parts stores this fiscal year outside of acquisitions—and that Perry had already opened 20 new stores by presstime, with 30 more on tap over the next five months.

By buying these stores from the Weisberg family, who also owned the troubled Chatham supermarket chain in the Detroit area until selling it last year, Perry is advancing chairman Jack Robinson's stated plans to add to its drug store presence in this urban market.

Warehouse Way used to be run as a division of Chatham, but was spun off in May 1985 so The Weisbergs could retain it after selling Chatham to NuTrax.

The former Warehouse Way stores, all leased sites, were shuttered at closing of the sale to Perry, with no reopening schedule set yet. Despite Perry's dense coverage here already, no sales cannibalization is anticipated, a spokesman said.

They will be able to be serviced by the chain's 400,000-sq.-ft. distribution center in Pontiac, which recently was expanded by 175,000 sq. ft. and mechanized in anticipation of new stores.



William Tauscher

'They did make a good team, but certainly Tauscher is an incredibly dynamic guy, so I don't think it's going to be that big an event.'

Kent Blair
analyst, D.L.J. Securities

Richard Bard

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Tauscher to solo as Foxmeyer chief, Bard gets top spot at Coast to Coast

DENVER — The dynamic partnership of William Tauscher and Richard Bard at Foxmeyer is dissolving with a move by Bard to take the reins of the Coast to Coast Holding Co., the owner of Coast to Coast Hardware.

Bard will leave as president of Foxmeyer, the $1.3 billion company bought by National Intergroup, in March for the top spot at Coast to Coast as chairman and ceo. He will continue to serve on the NI Board of Directors.

Industry observers said the departure should not slow Foxmeyer's strong growth momentum, although Bard and Tauscher have been a talented duo.

"They did make a good team, but certainly Tauscher is an incredibly dynamic guy, so I don't think it's going to be that big an event," said Kent Blair, an analyst with D.L.J. Securities.

"Bard had a super opportunity there to take over running his own show," Blair added.

Tauscher will continue as chairman and add the title of president of Foxmeyer, which in March expanded its distribution capabilities in the non-health care industry through its acquisition of Ben Franklin Stores Inc., the variety store chain.

At Coast to Coast, Bard will be similarly running a distribution company with franchise stores.

"He has the same opportunity to do with Coast to Coast what he has had with Foxmeyer, and that is to grow," noted one observer.

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Vol. 8, No. 15 July 7, 1986

FINANCIAL

Alco goes abroad for acquisition financing

VALLEY FORGE, Pa. — By going abroad to finance its acquisition arsenal, Alco Health Services got its money faster and is saving itself a chunk on interest costs.

Financial Analysis

Three top Alco executives made the rounds of London, Zurich and Geneva in early June, and helped place $100 million of convertible subordinated debentures in the hands of European institutional investors.

The 15-year debentures mature July 1, 2001, and pay 6¼% interest—far below prevailing rates in the U.S. They're convertible anytime at $26.25 per share, a 22% premium over the stock's $21.50 price when the offer was made, chairman John H. Kennedy told *Drug Store News*.

Kennedy said the lower interest rate was just one reason for going abroad. He also eliminated the typical 30-day wait for SEC comments on domestic offerings and is working to build a financial audience in Europe.

He noted further that Alco Standard, the former parent of the nation's fourth largest drug wholesaler, paved the way with its own successful European offering in 1979.

Alco Health Services spun off from Alco Standard after going public in a domestic offering last August.

Drexel Burnham Lambert International was the underwriter of last month's debenture offer.

"We priced out alternative ways to raise $100 million, and considered ourselves to be in a great situation," Kennedy said.

"We had $122 million net worth and no debt to speak of." The offering circular for the debentures, dated June 6, showed $12 million debt owed to former parent Alco Standard and less than $1 million owed in mortgages.

Alco netted $97 million after underwriting and legal fees. It will close the DuBois takeover with $29 million cash from the offer and 26,667 shares of Alco common stock.

Moreover, Alco will use proceeds of the offering to retire all its debt to Alco Standard, gain freedom to acquire other drug wholesalers both in and out of current markets, and meet its working capital requirements, Kennedy said.

Acquisitions will raise Alco revenues to $1.25 billion this year, up from $955 million in the fiscal year ended Sept. 30, which creates the need for more working capital.

Alco revenues grew to $586 million in the six months ended March 31, up from $461 million in the comparable half a year ago. Net income also rose to $7.6 million, up from $5.8 million in the same period a year earlier.

Working capital in the most recent six months increased to $92.7 million, up from $84.7 million a year earlier.

Bergen Brunswig 3rd-qtr. profits fall

ORANGE, Calif. — Bergen Brunswig Corp. reported that its record of continuous earnings growth had been "temporarily interrupted" in the third quarter and nine months ended May 31.

The nation's second-largest drug wholesaler said earnings for the third quarter declined to $2.3 million, or 17¢ a share, from $6 million, or 45¢ a share, for the same period last year. Sales for the quarter increased 15% to $769 million. The year-earlier results included a $1 million charge for an acquisition that wasn't completed.

For the nine months, net earnings decreased to $14.9 million, or $1.08 per share, from $17.3 million, or $1.30 per share, in the comparable year-earlier period. Sales increased 30% to $2.28 billion during the period.

Rating lowered

Meanwhile, Standard & Poor's Corp. said it had lowered the rating on Bergen Brunswig's convertible subordinated debentures to Triple-B-minus from Triple B. About $135 million of debt is involved. Also lowered to Triple-B-minus was Bergen's planned offering of $40 million of exchangeable subordinated debentures due 2011.

S&P cited Bergen's stepped up acquisition activity, including the addition of about $700 million in annual sales, and the effect that activity has had on "financial measures of credit strength."

In discussing what he termed "disappointing" results for the third quarter, Emil P. Martini Jr., chairman and ceo, said that several of the company's recent acquisitions "have not achieved performance levels as rapidly as anticipated."

Kroger 1st qtr. sales up 9.1%

CINCINNATI — The Kroger Co., operater of SupeRx and Hook Drug as well as food/drug combination stores, reported increases in both sales and earnings for the first quarter ended March 22.

Net earnings for the period increased 2.8% to $32.3 million, or 74¢ a share, from $31.4 million, or 70¢ a share, in the same period last year.

Sales for the quarter increased 9.1% to $4.17 billion from $3.82 billion a year ago. Without companies acquired after the year-earlier quarter, including Hook, the sales gain would have been 4.1%.

Kroger reported that the improved results were across the board; food, drug and convenience stores and manufacturing all gained in the period, despite intensified competition, deflation in some commodity prices, continued pressure on expenses, and a depressed economy in some markets, including Houston.

Begley's net income rises 1% at year-end

RICHMOND, Ky. — Begley Company reported that net income for the year ended March 31 increased 1% to $701,277 from $694,843 in the prior year.

Sales for the year increased to $70.4 million from $66.1 million last year, a 6.5% gain.

Robert J. Begley, chairman and president, said the earnings gain had been achieved despite a one-time charge of $345,571 in receivables.

At the close of the year, the company was operating 40 drug stores, six home health care centers and 132 dry-cleaning stores.

		STOCK PRICE							EARNINGS/SHARE			P/E	DIVIDENDS	
		From 06/06/86 - 06/18/86												
					Change		52-Week		Last Fiscal Year	Latest 12 Months vs Preceding 12 Months Change		Latest P/E Ratio	Indicated Dvd. Rate	
Name	Symbol	High	Low	Close	Amt.	Pct.	High	Low		Amt.	Pct.		Amt.	Yield
-	-	$	$	$	$	%	$	$	$		%	-	$	%
Chain Store transactions														
Am Stores	ASC	70.25	62.00	67.88	4.13	6.47	70.25	53.13	4.11	-1.33 q	-23.8	15.9	.84	1.2
Begley Co	BGLY	22.50	21.50	22.50	1.00	4.65	23.50	15.50	1.26	.50 n	42.7	13.5	.72	3.2
Big B	BIGB	16.63	16.00	16.25	-.38	-2.26	17.88	12.63	.61	-.04 q	-5.7	24.6	.00	.0
Drug Sys	DRGS	6.38	5.00	6.38	1.00	18.60	6.38	3.75	.35	-.97 n	-100.0	NE	.45	7.1
Fay's Drug	FAY	10.88	10.13	10.75	.13	1.18	11.75	8.00	.20	-.50 q	-87.7	NM	.20	1.9
Genovese Drug	GDX	14.50	13.88	13.88	-.25	-1.77	15.00	9.63	.73	-.17 q	-19.1	19.3	.20	1.4
Longs Drg Strs	LDG	34.88	32.00	32.63	-.63	-1.88	35.38	24.75	1.74	-.19 q	-9.9	18.9	.76	2.3
Medicare Glaser	MGCO	4.00	3.50	3.50	-.25	-6.67	5.00	3.50	-.20	-.25 f	-100.0	NE	.00	.0
Medicine Shoppe	MSII	31.25	30.25	30.25	-.75	-2.42	32.00	21.00	.84	.14 s	18.2	33.2	.00	.0
Perry Drug	PDS	20.00	19.00	19.38	-.50	-2.52	20.88	12.75	.98	.14 *	16.7	19.8	.22	1.1
Revco Drug	RDS	37.13	36.13	36.63	-.25	-.68	39.88	23.13	1.06	-1.01 n	-51.3	38.2	.80	2.2
Rite Aid Corp	RAD	33.50	32.00	33.25	.00	.00	35.25	21.50	1.52	-.17 f	-10.1	21.9	.58	1.7
Thrifty Cp	TFD	37.25	35.75	36.88	.88	2.43	40.38	18.13	1.60	.13 s	8.6	22.3	.64	1.7
Walgreen Co	WAG	39.00	34.63	37.75	1.38	3.78	39.00	22.50	1.53	.14 s	9.4	23.2	.50	1.3
Wholesaler's transactions														
Alco Hlth	AAHS	22.50	21.88	22.00	-1.13	-4.86	25.38	12.75	1.10	1.19 s	NC	18.5	.00	.0
Bergen Bruns	BBCA	28.63	21.88	24.25	-4.50	-15.65	37.25	21.88	1.82	-.26 n	-14.4	15.6	.32	1.3
Bindley Wstn	BIND	12.25	11.25	11.50	-.63	-5.15	14.00	7.75	.79	.10 q	13.2	13.4	.00	.0
Cardinal Distrb	CDIC	25.00	24.00	24.00	-.25	-1.03	25.25	14.22	1.36	.44 f	47.8	17.6	.08	.3
Durr Fillauer	DUFM	16.75	15.75	16.13	-.13	-.77	16.75	9.25	.78	.01 q	1.3	20.2	.16	1.0
Ketchum	KCH	19.63	18.63	19.00	-.75	-3.80	23.25	14.75	.56	-.01 n	-2.2	43.2	.00	.0
McKesson Cp	MCK	64.75	61.00	62.00	-3.00	-4.62	65.25	44.88	3.96	.36 f	10.0	15.7	2.40	3.9
Moore Med	MMD	25.00	21.50	24.00	2.38	10.98	25.00	15.75	1.45	.29 q	25.7	16.9	.00	.0
Owens & Minor	OBOD	19.88	19.50	19.75	.00	.00	20.25	13.38	1.14	.10 q	9.7	17.5	.28	1.4
Manufacturer's transactions														
Abbott Labs	ABT	50.63	45.50	48.88	2.00	4.27	50.63	26.44	1.94	.30 q	17.3	24.1	.84	1.7
Am Home Prod	AHP	87.75	83.13	86.63	2.25	2.67	88.38	54.75	4.70	.36 q	8.1	18.0	3.10	3.6
Baxter Travenol	BAX	20.38	19.13	19.75	-.63	-3.07	21.25	12.38	.85	.48 q	200.0	27.4	.40	2.0
Block Drugs Co	BLOCA	24.75	23.75	24.75	.00	.00	26.25	17.00	1.84	.14 f	8.2	13.5	.50	2.0
Bolar Pharm	BLR	28.13	26.00	27.38	-.38	-1.35	28.13	12.00	.71	.17 q	26.2	33.4	.05	.2
Bristol-Myers	BMY	84.88	77.75	84.50	3.25	4.00	84.88	53.63	3.86	.42 q	11.8	21.3	2.20	2.6
Carter-Wallace	CAR	65.75	62.00	65.25	.38	.58	66.25	32.38	3.63	.97 f	36.5	18.0	.60	.9
Forest Labs	FRX	18.63	17.00	17.25	-1.38	-7.38	19.69	10.56	.98	.61 f	164.9	17.6	.00	.0
ICN Pharm	ICN	17.25	12.50	16.50	3.63	28.16	17.25	8.50	-2.10	-2.11 q	-100.0	NE	.00	.0
Key Pharm	KPH	20.88	19.38	20.75	.50	2.47	20.88	7.13	-.02	-.57 q	-93.4	NM	.00	.0
Lilly Eli Co	LLY	81.63	74.25	79.00	1.88	2.43	81.63	40.50	3.69	.27 q	7.7	20.8	1.80	2.3
Lee Pharm	LPH	30.13	26.13	27.88	.88	3.24	32.75	4.88	.40	.27 s	87.1	48.1	.00	.0
Leiner P Nutri	PLIN	16.50	14.00	16.50	2.00	13.79	16.50	8.25	.81	.03 f	3.8	20.4	.00	.0
Marion Labs	MKC	41.25	37.38	39.25	.25	.64	41.25	15.63	.47	.22 n	51.2	60.4	.20	.5
Merck & Co	MRK	102.88	92.00	102.25	3.75	3.81	102.88	51.75	3.79	.57 q	16.6	25.6	1.80	1.8
Morton Thiokol	MTI	37.88	35.75	36.13	-.88	-2.36	40.50	30.00	2.50	-2.66 n	-67.9	28.7	.70	1.9
Mylan Labs	MYL	25.75	23.50	24.25	.25	1.04	27.13	13.50	.86	.34 f	65.4	28.2	.10	.4
Newport Pharm	NWPH	7.13	6.75	6.75	-.25	-3.57	14.50	6.25	.05	-.08 n	-100.0	NE	.80	11.9
Par Pharm	PARP	17.75	15.75	17.50	1.25	7.69	23.25	14.25	.47	.01 s	2.0	34.3	.00	.0
Pfizer Inc	PFE	68.50	61.75	68.00	4.50	7.09	68.50	43.75	3.44	.35 q	10.9	19.2	1.64	2.4
Robins, AH	QRAH	12.25	11.00	12.00	1.00	9.09	19.25	5.50	2.53	20.78 q	NE	4.7	.00	.0
Rorer Group	ROR	41.25	40.00	40.00	-.88	-2.14	47.00	32.50	1.72	-.21 q	-10.1	21.4	1.12	2.8
Scherer RP Co	SCHC	15.50	14.50	15.00	.38	2.56	16.50	10.75	-1.23	-.80 f	NE	NE	.32	2.1
Scher Plough	SGP	79.00	73.25	78.75	1.25	1.61	79.00	44.00	3.77	.43 q	12.2	19.9	1.80	2.3
Squibb Corp	SQB	101.75	96.75	100.25	-1.50	-1.47	106.00	60.38	4.20	.64 q	17.0	22.7	2.00	2.0
Sterling Drug	STY	45.88	42.50	44.38	-.63	-1.39	47.13	29.50	1.83	-.51 q	-21.2	23.4	1.32	3.0
Syntex Corp	SYN	67.38	63.25	66.63	-.63	-.93	67.50	28.88	4.95	3.31 n	160.7	12.4	1.20	1.8
Thompson Med	TM	19.50	17.63	18.38	-.13	-.68	21.00	11.75	1.18	-.75 q	-39.5	16.0	.40	2.2
Upjohn Co	UPJ	103.75	90.00	96.75	-4.25	-4.21	103.75	50.38	3.29	.85 q	32.6	28.0	1.52	1.6
Warner-Lambrt	WLA	59.75	56.50	58.25	-.88	-1.48	60.75	33.75	-4.05	-6.83 q	-100.0	NE	1.56	2.7
Zenith Labs	ZEN	32.50	30.88	32.13	-.38	-1.15	36.63	17.38	1.46	1.04 q	216.7	21.1	.00	.0

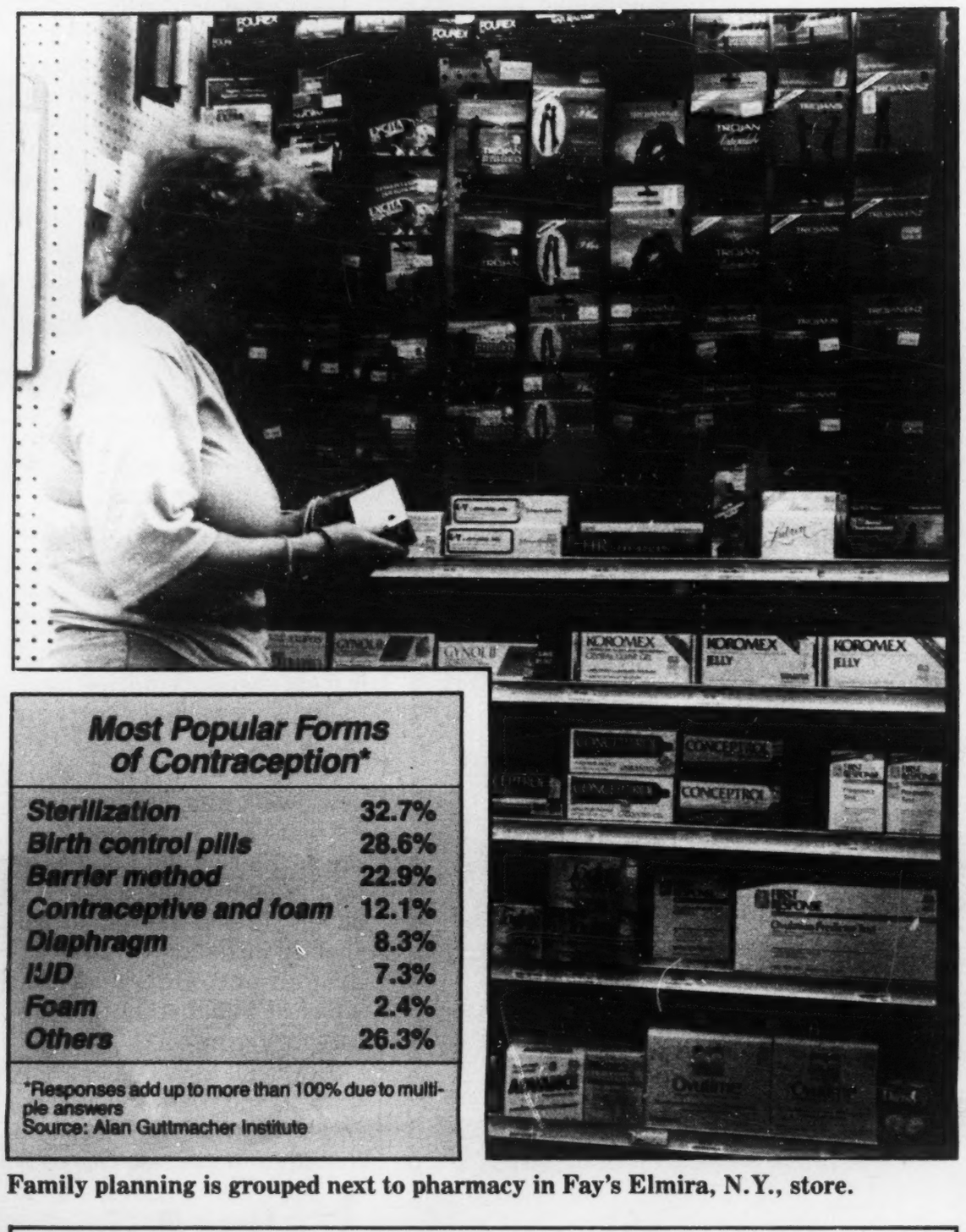
All data are based on sources believed to be reliable, but its accuracy is not guaranteed.
Every effort will be made to correct errors, when discovered, in future issues.

FOOTNOTES

NA - Item not applicable to this type of stock.
NC - Data required for calculation currently incomplete in our files.
NE - Negative earnings invalidate calculations.
NM - No meaningful figure.
q - First quarter
s - First six months
n - First nine months
f - Fiscal year

Data and Table Prepared by Media General Financial Services, Inc., Richmond, Virginia 23219

MERCHANDISING TRENDS



Family planning is grouped next to pharmacy in Fay's Elmira, N.Y., store.

Most Popular Forms of Contraception*	
Sterilization	32.7%
Birth control pills	28.6%
Barrier method	22.9%
Contraceptive and foam	12.1%
Diaphragm	8.3%
IUD	7.3%
Foam	2.4%
Others	26.3%

*Responses add up to more than 100% due to multiple answers
Source: Alan Guttmacher Institute

More women shopping for birth control items

Disease fears cause condom sales increase

Condoms, once hidden behind the pharmacy counter, are now displayed prominently to ease self-selection and add impulse. That pronounced change has made it easier for women—the primary household shoppers—to pick up a box of condoms as easily as they select their family's shampoo or toothpaste.

Retailers and marketers of birth control methods report a dramatic increase in the number of women assuming responsibility for buying birth control products, particularly condoms. Some industry sources estimate that women buy close to 50% of the 800 million (units) of prophylactics purchased annually in the United States.

This trend, plus the fear of AIDS, herpes and chlamydia, have all created a 25% climb in condom sales, now pegged at $200 million per year. Once considered the least desirable form of contraception, the condom is becoming more in vogue. It is even stealing some sales away from foams and the pill, report buyers from Happy Harry's of Newark, Del., and Perry Drug.

Relocating condoms

In order tc grab more of women's purchasing dollars, drug chains are relocating condoms, moving them away from the pharmacy to space near the feminine hygiene department.

For example:

- Seattle-based Bartell Drug offers a 4-ft to 8-ft. segment of condoms pegged on a gondola near female birth control products.
- Vons Pavilion places a 4-ft. selection of condoms near other feminine needs products in its new 55,000-sq.-ft. to 75,000-sq.-ft. Pavilion units.
- At Perry, buyer Christine Rainey has created a special wire rack that clamps onto the gondola in the feminine hygiene department. The rack is six pegs wide and allows Perry the chance to cross-merchandise the category. Condoms are also housed on a 3-ft. or 4-ft. rack near the pharmacy.
- Peoples Drug is in the process of moving condoms completely away from the pharmacy to pegged space in the feminine hygiene area. "Women buy them, so that's where we're putting them," explained Stephen Peck, vp-merchandise manager at Peoples.

Reasons for sales increase

Lynne M. Pauls, of EF Hutton, attributes increasing condom sales to the demise of the intrauterine device, as well as to the increase in female buyers and the threat of disease. Rainey at Perry offers further proof that women are buying more. "We're seeing more activity in 36-count boxes. Women are more cost-conscious and recognize the value in the bigger pack."

Chains are not alone in their efforts to attract women shoppers to the con-

See ***Women,*** *page 15*

Family planning facts
• Over $1 billion is spent on birth control in the United States yearly.
• There were more than 3 million unplanned pregnancies in the country last year.
• There were more than 3 million new cases of chlamydia—a bacterial infection that can cause cervicities (inflammation of the cervix), infertility and even Reiter's syndrome, an arthritic condition.
• There were 1.8 million new cases of gonorrhea, 500,000 new cases of genital herpes and 90,000 new cases of syphilis in the United States in 1985.

Source: Planned Parenthood

Sales of family planning devices up

Sales of other family planning devices are increasing, too. In fact, condoms, items such as the Today Sponge, foams and jellies, pregnancy testers and ovulation predictors clicked in 1985 to generate chain drug volume of $176.6 million, up 18% over 1984.

Disenchantment with other forms of birth control, such as the IUD, has fueled movement of alternate forms, particularly the Today Sponge, say sources at Perry, Bartell and Genovese.

According to VLI, the maker of the Today Sponge, the products snared a new high of 26.7% of all female OTC birth control products.

The working woman is also a catalyst behind exceptionally brisk movement of early pregnancy

See ***Sales,*** *page 15*

Chains promote hydrogen peroxide systems in lens care

Drug chains are shifting their promotional focus in eye/lens care toward new, higher-ticket hydrogen peroxide-based systems.

Merchants are carrying these latest doctor-recommended systems, while closely monitoring the category's growing price sensitivity.

Revco, Rite Aid and Kerr Drugs are among chains who have recently replanogrammed or are planning new displays to ensure exposure of systems such as Ciba Vision Care's AOSEPT and LENSEPT and CooperVision's MiraSept.

"I think there is still tremendous potential for the (hydrogen peroxide) segment, because it still has a relatively small share of market, but that is growing," said Ellis Jones, Revco's senior merchandising director for OTC

The hydrogen peroxide regimens offer two advantages to consumers: They're heat free and preservative free, for greater convenience and the elimination of the risk of eye surface reactions.

Because these regimens are making the category more profitable, competition is heating up. Meanwhile, customers' growing price awareness of the market of premix solutions for soft lenses is stimulating interest among chains and consumers for private label.

But although some retailers find customers willing to gravitate to their store brand saline solutions, other retailers said customers for the most part remain strongly tied to the particular cleaning and disinfecting systems recommended by their doctors.

See ***Systems,*** *page 14*

Rite Aid, Elmira, N.Y., displays eye care products above lens care planogram.

MERCHANDISING TRENDS

Condom marketers target women shoppers

Continued from page 13
dom department.

Condom marketers are also pitching women. Carter-Wallace, which recently acquired the No. 1 prophylactic manufacturer, Young Drug Co., is beginning to advertise in women's magazines like *Redbook*. This is in addition to a different packaging approach begun a few years ago to show a man and woman instead of the macho Trojan Warrior. Trojan controls roughly a 56% share of the condom market, noted EF Hutton's Pauls.

Mentor 'safety seal'

Mentor, a new two-piece condom, features a "safety seal" and is packaged in attractive pastel boxes. Alfred T. Mannino, vp-health care products for Mentor, believes Mentor will appeal to women and therefore should be merchandised near other female birth control products.

"There are many women who cannot take the pill, and they are turning to condoms," he said. In fact, he estimates that 60% of the 18- to 44-year-old population uses some birth control; 12% to 15% of that group use condoms.

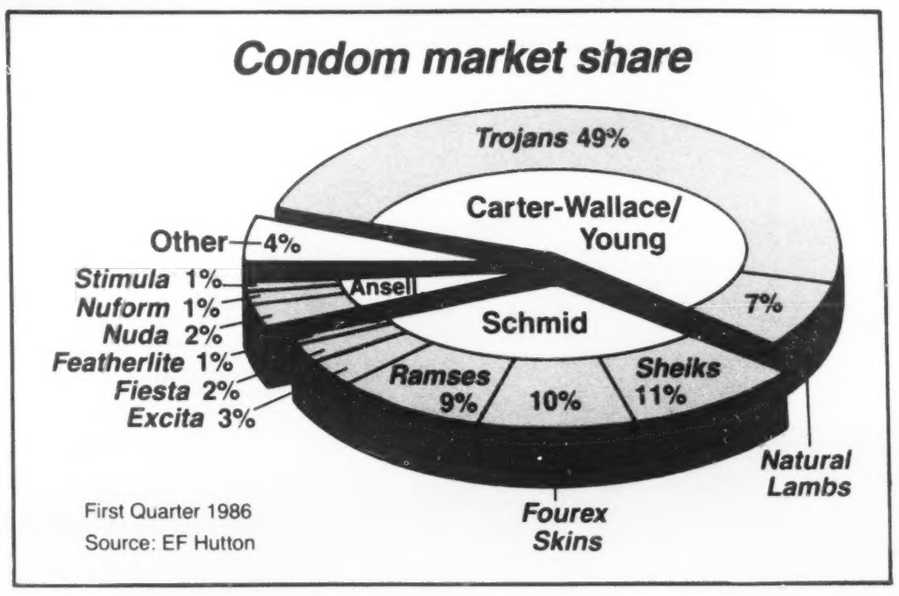
Kevin Foley, communications director for National Sanitary Laboratories Inc., said his company has extended its Protex line with Lady Protex to appeal to women.

But even with the healthy growth of the condom category, buyers say they basically stick with the two top brands: Young and Schmid. Together, these brands control 90% of total sales.

"Why should we add too many others when these are so strong?" asked Peck at Peoples.

Other chains add they are reluctant to cross-merchandise condoms—despite an increase of women buyers—in feminine hygiene. Dan Herrmann, president of Fay's Drugs, keeps prophylactics at the pharmacy counter. "Condoms and diet aids are the first things consumers steal because they are embarrassed to check them out," he said.

Still others—Genovese, for instance—keep condoms behind the counter to maintain a "family image." Don Gross, vp-marketing, feels the chain's consumers prefer it that way.



Family planning product sales up

Continued from page 13
tests and ovulation monitors. The success of these high margin—45% and up—items is causing chains such as Harco and Perry to extend the femine hygiene selection.

The reason is that working women put off childbearing until later and are therefore more concerned about detecting pregnancies early, according to Holly Akin, product manager-self diagnostic products at Warner-Lambert, maker of e.p.t., the No. 1 early pregnancy detector.

"They have often waited so long that they want to know right away if they are pregnant, so they can get good prenatal care," said Akin.

Fairly new on the scene are the ovulation testers, which are aiding the 3.5 million American couples who have trouble conceiving to find the right time. One brand on the market, Ovutime, predicts up to 36 hours when women may ovulate.

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